



ASRS REPORT

ARIZONA STATE RETIREMENT SYSTEM

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This report provides a briefing of news and notices important to our members, retirees and employer partners, as well as other interested parties. It is produced by the ASRS on a periodic basis and posted to the ASRS website.

ASRS News

Arizona cited as 'national leader' in pension plan report

Arizona is a "national leader" in managing long-term liabilities for public pensions and retiree health care, according to a nationwide study of public pension programs.

The Pew Center on the States, a division of the nonprofit Pew Charitable Trusts, released a comprehensive report on February 18, 2010 and noted that Arizona is one of 16 states labeled as "solid performers" when it comes to managing their public sector retirement benefits. And, Arizona was listed as one of just nine states with the same distinction for retiree health insurance.

The Arizona State Retirement System is the state's largest public pension plan, with a membership of more than 555,000 and a trust fund of more than \$23.5 billion. The ASRS covers over 223,000 actively contributing members, including state, municipal and county workers, public school and charter school teachers and community college and university employees. Approximately 100,000 retirees are currently receiving monthly retirement benefits.

The ASRS also oversees a retiree health insurance program and a long-term disability income plan.

The Pew report underscored a nationwide concern of funding for pension programs in general. Most pension plans have an underfunded status. Arizona, for example, has an overall funded status of approximately 80 percent, according to the Pew report. However, because plans account for that and collect contributions that are earmarked to improve the funded status over time, the concern is lessened.

Along with Alaska, Arizona is one of just two states with a funded status for a retiree health plan of more than 50 percent. Arizona as a whole was funded at 65 percent, according to the report. The funded status for the ASRS retiree health insurance program is approximately 87 percent and appears to be the highest of any state public pension-administered health insurance plan.

"We are pleased to see Arizona recognized as a national leader among our peers," ASRS Director Paul Matson said. "We also recognize that there still is work to be done. We will continue to monitor our investments, analyze our contribution rates and monitor our benefit structure to ensure we are doing all we can to administer an efficient and reliable plan for our members."

Legislative Update

NOTE: Below is a summary of Senate Bill 1083, a main bill containing provisions that would affect ASRS members, especially future members who join on or after July 1, 2011. It has been moving through the legislative process. There is another very similar bill, House Bill 2389, which contains the same provisions as SB1083, except as noted below. Further, some of the provisions are also contained in other pieces of legislation introduced in the House. To follow the progress of retirement-related legislation, view the ASRS Bill Tracker on our website at www.azasrs.gov, ASRS Central section, Legislation category.

Senate Bill 1083 Summary (Senate Engrossed Bill)

Benefit Formula

- Modifies one of the Normal Retirement Date definitions from 80 to 85 points (age + years of service) for a member whose membership begins on or after July 1, 2011. It also would modify the Early Retirement decrements to conform to the 85 point normal retirement for a member whose membership commences on or after July 1, 2011.
- Modifies the Average Monthly Compensation used in a retiring member's retirement benefit calculation from the average of the highest consecutive 36 months in the last 120 months to the average of the highest consecutive 60 months in the last 120 months for a member whose membership commences on or after July 1, 2011.

Withdrawal of Account

Allows a member with five or more years of service to receive 25% of employer contributions upon termination of employment (by other than death or disability) for a member whose membership commences on or after July 1, 2011. For a member who was terminated due to an Employer Reduction in Force or position elimination, and seeks to refund their account, the original vesting schedule will apply.

Health Insurance Supplement

Removes the ability of a retiree to secure individual health insurance coverage and receive the health insurance supplement if the employer agrees to administer the individual coverage. In order to receive the public subsidy, the retiree must be enrolled in either the ASRS's Group Health Insurance or an Employer's Group Health Insurance. A grandfather clause permits ASRS to continue to pay the supplement to a retiree who is receiving the payment under the current statutory provisions. If passed, this would become effective on the legislature's general effective date.

Long-Term Disability Program Appeals

Permits a person appealing an ASRS decision under the LTD Program (usually a decision of an Administrative Law Judge) to request that the ASRS Board hear the appeal in Executive Session, rather than in a Public Hearing. The request must be made at least 48 hours in advance. States that minutes of and discussions held at an executive session are confidential except from the appellant for use in the appellant's further appeal to the Superior Court. If passed, this would become effective on the legislature's general effective date.

Other provisions

- Makes changes to conform to federal law.
- Makes an administrative appropriation to ASRS.

House Bill 2389 Summary of difference from SB1083

Withdrawal of Account

Eliminates the return of employer contributions upon termination of employment (by other than death or disability) upon a voluntary forfeiture of membership for a member whose membership commences on or after July 1, 2011. The member would still be entitled to contributions they made, plus interest earned. For a member who was terminated due to an Employer Reduction in Force or position elimination, and seeks to refund their account, the original vesting schedule will apply.

Employer News

Basics for Employers workshops scheduled

The Employer Relations department is hosting its Basics for Employers workshop March 24 at our Phoenix office for employer staff members.

This workshop is designed to assist staff in human resources, personnel, employee benefits, finance or other areas who have responsibilities with the ASRS. Topics include determining membership, the ASRS long term disability program, reporting contributions, retiree return to work guidelines, the ASRS health insurance premium benefit program and more.

To learn more, and to register, please contact the ASRS at EmployerRelations@azasrs.gov.

Member Meetings

Educational Meetings Offered to Inform, Assist Members

The Member Services Division of the ASRS conducts educational meetings available to all members. Whether you're newly hired and want to learn about the benefits available to you, or you're ready to retire and want assistance filling out your paperwork and making annuity selections, the ASRS has a meeting for you.

Know Your Benefits

This meeting is especially beneficial to new members. You'll learn about the many benefits of belonging to the Arizona State Retirement System, including a history and overview of the ASRS, how your pension is calculated and how to maximize your future benefit, member responsibilities, disability and survivor benefits, options should you leave ASRS employment, and more. Also covered will be the Service Purchase benefit, through which a member may purchase, under certain circumstances, time they worked under other qualified employer plans.

Getting Ready for Retirement

This meeting is vital for members who are planning to retire within a year. You'll learn about your pension benefit and how it's calculated, options for retiree health insurance and other benefits, return to work options and more. Members who register for this meeting will receive a personal benefit estimate and assistance in filling out the proper paperwork.

Know Your Insurance

This meeting has been created to provide information to members about the ASRS health insurance plans and benefits. Members planning to retire soon are encouraged to attend. You'll learn about health insurance options, meet the insurance carriers, learn about the ASRS Premium Benefit program, and other benefits available to you.

Visit our website and click on the "Member Education" section to see a full listing of meetings taking place in Phoenix, Tucson and throughout the state at various locations. Reservations are required and can be made by calling our Member Advisory Center at (602) 240-2000 in Phoenix, (520) 239-3100 in Tucson, or (800) 621-3778 outside Phoenix and Tucson.

Coming Soon: ASRS Webinars for New Members!

The ASRS is pleased to announce a new opportunity for members to participate in online meetings!

The ASRS has long offered “Know Your Benefits” meetings to our members at our Phoenix and Tucson office. We’ve even taken the meeting on the road throughout the state. Now, ASRS members can participate in this meeting online via a new webinar!

“Know Your Benefits” provides an overview of the ASRS and a summary of the many benefits you have as a member. Through this one-hour webinar, members can participate right from their computer. You’ll see and hear from one of our Benefit Advisors, follow along with a slide presentation and have the opportunity to email questions in real time. This will be a great way for new employees to learn about their membership in the ASRS!

The first webinars are scheduled for April 22, May 18 and June 19.

Watch our website for more details.

ASRS Board & Committee Meetings

ASRS Board of Trustees

Friday, March 19, 8:30 a.m. – ASRS Phoenix office, 3300 N. Central Ave., 10th floor Board Room.

Investment Committee

Monday, March 15, 2:30 p.m. – ASRS Phoenix office, 3300 N. Central Ave., 14th floor.

External Affairs Committee

Friday, April 9, 10 a.m. – ASRS Phoenix office, 3300 N. Central Ave., 14th floor.

Operations Committee

Thursday, April 22, 10:30 a.m. – ASRS Phoenix office, 3300 N. Central Ave., 14th floor.

Note: All Board & Committee meetings are open to the public and your attendance is encouraged. Schedules, agendas and minutes of meetings are posted on our website and are available at our Phoenix and Tucson offices.